

2006-2007 PERFORMANCE PLAN – PORTFOLIO MANAGER, ABSOLUTE RETURN STRATEGIES (Silberstein)

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
60%	Risk Managed Absolute Return Strategies Program	Return relative to program policy (SNLCA1 – CPERHEDG2)	0 basis points = 0 +50 basis points = 1.0 +100 basis points = 1.5
15%	Global Equity Performance	Excess return in basis points relative to the Global Equity performance benchmark (GLOBLIC – CPERSGE2)	-50 basis points = 0 -10 basis points = 1.0 +15 basis points = 1.5
75%	Subtotal	Quantitative Measures	

Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
15%	Leadership	Demonstrate leadership within CalPERS and in the external investment community. Dimensions include leadership: <ul style="list-style-type: none"> • Within Investment Group • Trustees • CalPERS • External Investment Community 	From Schedule
5%	Risk Managed Absolute Return Strategies Program	Complete the funding of one or more fund-of-hedge funds comprised of emerging hedge funds by June 30, 2007.	From schedule
5%	Risk Managed Absolute Return Strategies Program	Establish a Strategic Plan on how to scale the RMARS Portfolio from \$3.5 billion to \$5 billion. Strategic Plan to be presented to RMARS Advisory Board by June 30, 2007.	From schedule
25%	Subtotal	Qualitative Measures	
100%	Total	Quantitative & Qualitative Measures	

Supervisor's Approval: Original signed by Russell Read

Date: August 1, 2006